

## Message Text

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ACTION OPIC-06

INFO OCT-01 ARA-06 ISO-00 EB-07 /020 W

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R 132107Z APR 76

FM AMEMBASSY QUITO

TO SECSTATE WASHDC 9766

INFO USDOC WASHDC

AMCONSUL GUAYAQUIL

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STATE PLEASE PASS OPIC

E.O. 11652: N/A

TAGS: EINV, EC

SUBJECT: OPIC INSURANCE FOR U.S. EQUITY INVESTMENT IN ECUADOR

REF: OPIC MEMO, 3/30/76 (ELLA VICK, APPLICATIONS OFFICER,)

RE: APPLICATION BY THOMAS BUILT BUSES, INC., HIGH

POINT, N.C.

1. XAVIER ROCA, ADVISER AND AIDE TO MINISTER OF INDUSTRIES AND COMMERCE, GALO MONTANO, CALLED COMATT APRIL 12 TO ADVISE THAT MINISTER FORESEES NO DIFFICULTY IN APPROVING OPIC POLITICAL RISK INSURANCE FOR NEW U.S. EQUITY INVESTMENT IN ECUADOR. ROCA SUGGESTED THAT OPIC FOLLOW THROUGH BY SUBMITTING TEST CASE TO MINISTRY.

2. COMATT BROUGHT UP QUESTION OF SUBROGATION OF RIGHTS, AND WHETHER THIS FACTOR WAS BEING TAKEN INTO CONSIDERATION IN MINISTRY'S AGREEMENT TO LOOK FAVORABLY UPON OPIC ISSUANCE OF INSURANCE POLICIES. ROCA REPLIED IN AFFIRMATIVE, I.E., GOE IS WILLING TO SUBROGATE RIGHTS, BUT ONLY ON CASE-BY-CASE BASIS. WHEN COMATT ASKED IF MINISTER WOULD BE WILLING TO PUT THAT IN WRITING, ROCA REPEATED EXPLANATION OFFERED BY MONTANO TO OPIC COUNSEL GERALD MORGAN DURING MARCH 8 MEETING IN QUITO, THAT PUBLIC STATEMENT, OR EVEN PRIVATE LETTER TO OPIC, WOULD MAKE MINISTER'S POSITION

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INFLEXIBLE, SINCE THERE COULD ARISE SOME CASES WHERE GOE

COULD NOT SUBROGATE ITS RIGHTS. ROCA REPEATED THAT THE MINISTRY WISHED TO IMPLEMENT ITS GENERALLY FAVORABLE POLICY ON A CASE-BY-CASE BASIS, STARTING WITH SOME SUITABLE INITIAL TEST CASE.

3. COMATT INFORMED ROCA THAT PEJYPAS ONE SUCH TEST CASE, THAT OF CARROCERIAS THOMAS, S.A. (SEE REFERENCE), WAS ALREADY AVAILABLE, AND THAT EMBASSY, IN ITS POUCHED REPLY TO OPIC, HAD PERCEIVED NO OBJECTION TO OPIC GRANTING INSURANCE POLICY AFTER THOMAS OBTAINS REQUIRED GOE APPROVAL. ROCA APPEARED PLEASED TO HAVE THIS OPPORTUNITY FOR MINISTRY TO PROVE THAT IT MEANS WHAT IT SAYS.

4. ON RELATED MATTER, WE RECENTLY LEARNED FROM DR. ESTEBAN FERRER, VP OF COUNCIL OF THE AMERICAS, THAT MINISTER MONTANO HAS ACCEPTED C OF A INVITATION TO VISIT U.S. IN JUNE TO SPEAK TO MEMBERS ON GOE POLICY ON FOREIGN INVESTMENT.

5. COMMENT: CHARGE WOULD APPRECIATE RECEIVING FROM OPIC A CLEAR AND PRECISE STATEMENT OF OPIC POLICY, OUTLINING CONDITIONS UNDER WHICH IT IS WILLING TO ISSUE POLITICAL RISK INSURANCE ON EQUITY INVESTMENTS IN ECUADOR, ESPECIALLY AS REGARDS THE SUBROGATION ISSUE. WE WOULD ALSO LIKE TO KNOW OPIC'S REACTION TO ABOVE STATEMENTS BY ROCA.

HEMENWAY

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## Message Attributes

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**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** FOREIGN INVESTMENT, INSURANCE  
**Control Number:** n/a  
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**Draft Date:** 13 APR 1976  
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**Decaption Note:**  
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**Disposition Approved on Date:**  
**Disposition Authority:** coburnhl  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
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